

1 the schools in lower income areas have it. I am not
2 talking about Internet access in every schoolroom, I am
3 just talking about just one Internet connection. The
4 percentage availability of computers for white kids has
5 tripled that of blacks and Latino kids. 2.8 percent of
6 the broadcast stations in this country are minority, and
7 this minority situation is declining.

8 So, we have got to do better, and we can start
9 right now. We can start by creating a climate of
10 positive change, by taking this debate outside the
11 beltway and take it to the people, take it to the streets
12 where people can understand the importance of these
13 issues.

14 (Loud applause.)

15 CHAIRMAN KENNARD: Let me talk a minute about
16 that point as relating to broadcasting.

17 As I mentioned I got my start in the broadcast
18 industry, an internship with stations, and got into the
19 law practice, representing broadcasters. And I remember
20 very well a time about 20 years in this country, about 20
21 years ago in this country when government first started

1 to focus on the problems of underrepresentation of
2 minorities in the broadcast business. And the FCC
3 started to hold hearings and put together task forces,
4 and ultimately created some policies like the tax
5 certificate and distress sale policies. They were
6 incremental but they worked.

7 The point is that the FCC just didn't just
8 decide to do this. It just didn't stumble upon these
9 ideas and say, "Let's do something about the under-
10 representation of minorities in broadcasting." The FCC
11 took action because there was an environment for positive
12 change. The Congressional Black Caucus and the National
13 Black Media Coalition and the Department of Commerce
14 started talking about this issue, and the broadcast
15 industry responded, and they came to the FCC and said,
16 "We need to do something. This is a problem because we
17 can't sustain this growth in this business if we don't
18 create opportunities for people of color."

19 Those policies were created because people in
20 the minority community told their government that it was
21 fundamentally unacceptable for us to live in a society

1 that denies ownership opportunities to minorities in
2 broadcasting. And just like the community activist in
3 San Francisco long ago who rallied around the community
4 and created opportunity for me and others, this was from
5 that derivation. People came to government in the late
6 seventies and they said we've got to solve this problem.
7 They created conditions for positive change.

8 And we need to create those conditions. We
9 need to create a sense of urgency about this problem
10 because it is very important, this sector of the economy,
11 to our future and to our children's future. We need to
12 make sure that people outside Washington understand that
13 this revolution in technology is changing our society,
14 and we want you and government and people around the
15 country to know that we want this revolution and to clone
16 our society for the better. We want it to be an
17 inclusive revolution that includes everyone, and we have
18 got to insist on it.

19 And I want to talk about three areas which I
20 think is particularly important that we talk about and do
21 things.

1 First, access; second, employment; and third,
2 ownership.

3 I want to illustrate the problems of access by
4 talking about a little girl named Tiffany Johnson who I
5 read about not long ago in the Washington Post.

6 She is a senior at a school in Maryland. She
7 is an honor student. But her parents can't afford a
8 computer at home, and Tiffany says that it is almost
9 impossible to function today without having a computer at
10 home, because when she gets an assignment, her more
11 affluent classmates can go home and work on their home
12 computers, and she has to wait to get into the computer
13 lab, and sometimes has to skip lunch or class to use the
14 school computer because she can't compete against the
15 kids who have computers at home who can access the
16 Internet and do research in minutes that would take her
17 hours to do the same thing in the library, and who can
18 produce their school work with beautiful graphics that
19 computers can generate today.

20 But she is very motivated, and she attends a
21 good school, and she is doing well, but she is doing well

1 notwithstanding the hurdles that she has to face just
2 because she doesn't have access to a computer.

3 So that is why I am proud that the President
4 of the United States and Vice President Gore have
5 challenged the country to wire every school to the
6 Internet by the year 2000, two years away. We have got a
7 lot of work to do, and in the next few months in this
8 country we are going to have a very, very intense debate
9 about whether Americans are willing to make the
10 investment to bring technology to schools. And this is a
11 debate that is going to be debated in Congressional
12 hearings, in legal briefs, in courts round the country.

13 I want this debate to take place outside of
14 that context as well. It should be debated by people
15 like you that are in the community, who can bring this
16 issue outside of Washington, because it is too important
17 to keep there.

18 Now, some people say we can't afford to make
19 this investment. I say we can't afford not to make this
20 investment. I believe that fundamentally this debate
21 about technology in schools is every bit as profound as

1 the debate that took place in this country about whether
2 we should have equality in school; it is every bit as
3 profound and every bit as important to the future of our
4 children. And I think that Tiffany's life proves that.

5 Secondly is employment. Hearing something
6 that I learned about employment as Chairman of the FCC,
7 when I went out to meet with leaders of the computer
8 industry at Silicon Valley, in northern Virginia and
9 other places, I came prepared in my first few weeks as
10 Chairman to talk to them about what I thought they would
11 be interested in, which would be the regulatory
12 environment, and access charges and sort of the arcane
13 issues that we are dealing with in the regulatory front.

14 You know, without exception they wanted to
15 talk about education, because in the high tech industry
16 today there are 350,000 jobs that that industry can't
17 fill because educational systems are not producing people
18 with the skills for those jobs, 350,000 jobs, high-paying
19 jobs. And the computer industry is starting to respond
20 to this because they realize that they have got two

1 choices: Either we can have a workforce that can fill
2 those jobs here or they will have to look abroad.

3 You are already seeing the rumblings about a
4 computer industry starting to talk about increasing
5 immigration quotas so they can import engineers. I say
6 those jobs should go to people in this country. And I
7 want to work with you, and I want you to work with
8 industry, to create the partnerships and the regulatory
9 environment that can help get people the training for
10 those jobs.

11 And there are some really wonderful programs
12 that I have seen around the country that we need to
13 support. One was in Richmond, Virginia not long ago.
14 Mark Warner, who has worked for the Senate, pulled
15 together the CEO's of the computer industry in northern
16 Virginia, and he had partnered them with five
17 historically black colleges, and the computer industry is
18 going to provide jobs and technical assistance and
19 curriculum support, and they are going to take this and
20 prepare them for the jobs for that industry.

1 And I was in East Palo Alto, California not
2 long ago, where there is an organization called Plugged-
3 In, which was a partnership between Silicon Valley and
4 the minority community in East Palo Alto made possible by
5 Larry Irving, who provided growth money to get that
6 program off the ground. Kids go there after school and
7 they learn how to use computers.

8 There is the Foundation for Minorities in
9 Media, which is a group of broadcast executives who come
10 together and create internships for high school and
11 college students to prepare them for careers in
12 broadcasting.

13 Things are going on out there, but we need to
14 get them outside of Washington, so people know what is
15 happening.

16 Finally, ownership. I want to talk about what
17 is happening in ownership.

18 The big debate in ownership to date is all
19 about consolidation in each sector of the communications
20 industry. We are seeing consolidation at absolutely an
21 unprecedented rate.

1 When I first became Chairman of the FCC, I
2 started talking about consolidation, and I starting
3 saying that, "Wait a minute, we have got to take pause
4 and understand what is happening. These industries are
5 fundamentally changing."

6 When I first started working in broadcasting
7 as a lawyer, you couldn't own more than seven stations in
8 a service. Over time that number started creeping up.
9 Two years ago, with the Communications Act of 1996, the
10 doors to consolidate were blown open. Now, we are seeing
11 at the FCC companies that want to purchase three and four
12 hundred radio stations -- one company.

13 This business is fundamentally changing. It
14 is changing from a business of small, locally-owned,
15 independently-operated stations to something more akin to
16 a chain store operation, and we have seen what chain
17 stores can do to local communities.

18 Let's talk about that. Let's focus attention
19 on it.

20 After I started talking about this as
21 Chairman, a group of radio owners came in to see me.

1 They were some people who owned a very, very huge radio
2 group, and they said, "Mr. Chairman, we have been
3 listening to your speeches about consolidation," and said
4 very respectfully and politely, "You have got it all
5 wrong. You still don't understand. Consolidation is
6 good for America. We are going into small communities
7 and we are taking fledgling radio stations and we are
8 pumping money into them, stations that didn't have any
9 money to do local news that were depending on satellite-
10 delivered programs. They finally have a chance. We are
11 buying them up, putting money into them."

12 I said, "Wait a minute. What about
13 independent voices? What about minority voices in their
14 community?"

15 They said, "Don't worry about that, we are
16 going to hire local people, we are going to make sure
17 that we will hire some minority managers, and we will
18 give them independence, and they will speak to their
19 communities. Don't worry about that."

20 And I said, "Wait a minute. What about giving
21 people a stake in these properties, give them a sense

1 that the outlet for expression are theirs, that they have
2 a piece, an ownership stake?"

3 They said, "Mr. Chairman, don't worry about
4 that. I have been going public. If they wanted an
5 ownership stake, they can buy stock in these companies."

6 So, I left with the impression that there are
7 many people in the radio business that feel consolidation
8 is very good for America, and they are saying to me,
9 "Don't worry, be happy, buy stock, listen to the radio,
10 everything will be fine."

11 Well, I think they are missing the point,
12 because in a society where most people get all their news
13 and information from the broadcast media, how can we have
14 a strong democracy when that media is concentrated in the
15 hands of just a few people?

16 And in a society that is becoming increasingly
17 minority by the middle of the next century, almost 50
18 percent of the people in this country will be African-
19 Americans, Hispanics and Latinos. How can we have a
20 media base in which we have no stake in these companies?

1 Reverend Jackson calls this the resegregation
2 of American media, and he is right. It is real, it is
3 happening, and if we develop into a nation of tech-
4 nological haves and have not's, divided by race, it will
5 tear this country apart.

6 That is why I plan this year to complete a
7 proceeding to explore into incentives for minority
8 ownership, and I am going to need your help on this.

9 I want us to work on ways that we can restore
10 the tax certificate.

11 (Loud applause.)

12 CHAIRMAN KENNARD: We have got to work with
13 the United States Congress to educate people about the
14 tax certificate, and when we do that, we have got to make
15 sure that we are vigilant and we make sure that we are
16 talking about a tax certificate program that is properly
17 structured and that meets all the concerns that I heard
18 when I testified to try to defend the tax certificate in
19 the House and in the Senate.

20 We have got to make sure that these companies
21 are not shams, that they are not fronts, that these

1 programs are narrowly tailored, and that they are
2 judicious; and if we do that, I am convinced we can make
3 a compelling case for the tax certificate program.

4 I hope that you work with Tom Hart, who has
5 been working on this issue.

6 I am also interested in low power
7 broadcasting. I believe there is a possibility to create
8 a low power radio service for this country so that small
9 businesses and churches and community groups can have
10 entry opportunity into the broadcast media.

11 I have had the Mass Media Bureau at FCC to
12 evaluate whether we can do this from a technical stand-
13 point, and I want you to work with the broadcast industry
14 to educate them about this as well, and tell them that
15 there are people out there who want to speak to their
16 communities and need outlets for local expression.

17 Now, I have talked a lot about ownership in
18 broadcasting, but I don't want to talk just about that,
19 because I believe that too often when we in the minority
20 community talk about ownership, we talk only about
21 broadcasting, and broadcasting is not the only game in

1 town. Don't get me wrong. Minority ownership in
2 broadcasting is incredibly important. It is still the
3 most powerful cultural force in our society, but let us
4 not be so focused on broadcasting that we forget other
5 opportunities.

6 And many times when I make this pitch I get
7 back: "What do you expect me to do, own a telephone
8 company?" And I say, "Yes, you can own a telephone
9 company."

10 Now, in the last two years Wall Street has
11 poured \$14 million into small telephone companies,
12 competitive local exchange carriers that are meeting to
13 provide an alternative for Americans in the phone service
14 that they choose, and some of those companies, not many,
15 but some of those companies are minority-owned and
16 controlled.

17 There are opportunities here. The Internet is
18 another opportunity. There is phenomenal growth in that
19 field.

20 I was talking to a guy not long ago, I was on
21 a panel talking to some CEO's of the multimedia industry

1 in Los Angeles. I was talking to a young man sitting
2 next to him, just kind of chitchatting, and he was a
3 young guy, and I said, "Where did you go to college?"
4 And he said, "Well, I didn't graduate from college. I
5 started this Internet company, and after the second year
6 of college, I had almost 800 employees in my company.
7 And so I had to go to my parents and ask for their
8 blessing, if I could leave college and run my company
9 because I couldn't run my company and go to college."

10 Reverend Jackson said ownership is like
11 playing basketball these days. Don't get me wrong. I am
12 not advocating not to go to college to build a company,
13 but I am saying that there is tremendous growth in some
14 of these new technologies, and we have got to remain
15 focused on those opportunities.

16 Access, training and ownership: Those are the
17 challenges. And as I think about those challenges I want
18 to turn back to the person that I began talking about
19 today, my grandfather.

20 After my grandfather moved to California, my
21 father was born, and the schools in California were

1 pretty segregated. It was more de facto than overt
2 segregation.

3 When my father was about five, my grandfather
4 told him that, "Well, you have got to go to school, and
5 we are going to send you to this school that is close to
6 our house," which happened to be a white school.

7 And so they sent my father over to the school
8 and the principal sent him right home. And the principal
9 called my grandmother and she said, "Your son can't go to
10 this school, he has to go to the black school," which
11 was, of course, farther away.

12 And my grandfather said, "No. This is your
13 neighborhood. You are going to go to the school in your
14 neighborhood. That is where you should go."

15 So they dressed him up and they sent him over
16 to the neighborhood school. The principal sent him home.

17 The next day they dressed him up and sent him
18 on to school. The principal sent him home.

19 After several days and meetings with the
20 principal and the school board, they finally let my
21 father go to school. And of course, by the time this

1 story got to me it had become part of the family legend.

2 And the moral of the story went something like this:

3 "Your grandfather taught your father that if
4 you know your rights, and if you keep fighting for what
5 you know is right, you will win. And you may not get
6 what you want right away, but if you just keep going back
7 every day and fighting, you will get there."

8 Well, I know I am preaching to the choir on
9 this because we know we are right. We know we are right
10 when we fight for a communications revolution that
11 creates opportunities for all Americans.

12 We know we are right when we say that this
13 issue is not one that should be the province of bureau-
14 crats inside the beltway; that this is the issue that
15 needs to be talked about more broadly around the country,
16 and we know that if we keep fighting and going back every
17 day and thinking about this and talking about this and
18 fighting for it, that ultimately we will accomplish
19 something, we will win and we will make a difference for
20 people like Tanika, the next generation of Americans.

21 It's been a pleasure to be here with you.

1 Thank you.

2 (Loud applause.)

3 REVEREND JACKSON: Let's have a big hand for
4 the Chairman, a big hand for the Chairman. A big hand
5 for Bill Kennard.

6 (Loud applause.)

7 REVEREND JACKSON: In Washington you would
8 never know that Bill Kennard had this much soul. Give
9 him another big hand.

10 (Loud applause.)

11 (Here came miscellaneous discussions and announcements.)

12 REVEREND JACKSON: It is apparent at this
13 stage I would urge us to have the capacity to shift from
14 pain to power. Much of our power comes from stating our
15 own clear demands. There is an agenda, there is a
16 monopoly agenda, and it manifests itself in the mergers
17 and the monopolies, there is a very clear agenda, and
18 anything that interferes with it, they knock it out of
19 the way. The tax certificate, they knock it out. The
20 local ownership, they knocked it out. There is a very
21 clean, a very clear monopoly agenda.

1 The democratic agenda, what we want is not as
2 clear, and at the end it is not just so much a fight
3 between black and white, but wrong and right, or
4 democracy versus monopoly.

5 When there is a show-down on Capitol Hill,
6 Bobby Rush, I do not believe many of them, the House,
7 might state, "I believe in monopoly. Here, we need more
8 consolidation."

9 They do that in our absence. They do that in
10 our lack of vigilance. They do it in the absence of our
11 turning lights on darkness, which is what makes rats run
12 in holes. The fact is that they have an agenda, but they
13 are -- but they can't brag about it. They survive by our
14 lack of engagement in this process.

15 So, the next time there is a major hearing in
16 Washington, D.C., we are going to be there. But more
17 than that, we are going to have some here. We are going
18 to bring the case out here to Chicago and Detroit, out
19 here where, if you will, there is a different dimension.

20 Now, so I want to make an appeal.

1 My second point is that if this issue is
2 structural and not just racial, not just black and white,
3 then, if it is about infrastructure, there are a couple
4 of instructive examples, Congressman Conyers.
5 For example, when Mr. Rostenkowski some years ago, the
6 Chairman of the House Ways and Means Committee, he tried
7 to call back to Washington, it took six or seven hours,
8 he couldn't get through because the infrastructure broke
9 down, the telephone lines were messed up.

10 So when he came back to Washington he recom-
11 mended what I called the Polish-American Development
12 Bank, \$240 million for Poland and \$60 million for Hungary
13 -- \$40 million in loans, three-quarters of one percent,
14 first payment due in ten years. And it was a 40-year
15 loan, three-quarters of one percent. The first payment
16 due in ten years.

17 Now, there was a structural plan for a
18 structural crisis, a structural remedy for a structural
19 crisis. Anything short of a structural remedy for a
20 structural crisis is rhetoric, hidden reality, and

1 reality always wins when it is confronted with just
2 rhetoric.

3 So, what we began to work on last night were
4 eight or ten points. We have got the where-ases. We
5 have been hurt. Whereas we have been locked out.

6 We want to shift from there to: What do we
7 want?

8 As you make your statements, therefore, what
9 do you need to make the thing for? Please, don't take up
10 the few minutes he has with us on whereas. Can I get an
11 amen on that?

12 All of us have war stories except it won't
13 help you and it won't help him. Can I get one witness on
14 that?

15 In deference to protocol, I do want you to be
16 quick to ask, but I do want Congressman Rush and Engel
17 briefly to respond as Congresspeople to take us to the
18 next level, and then we are kind of open.

19 You can ask the members who are up here, Q and
20 A, let's engage in a dialog. I want our Congresspeople
21 to hear us respond briefly. Our host in this District,

1 Congressman Rush, and then Congressman Conyers and Engel,
2 then we will open it up.

3 Let's hear from Congressman Rush.

4 STATEMENT OF

5 CONGRESSMAN BOBBY RUSH

6 CONGRESSMAN RUSH: Thank you, Reverend
7 Jackson. I am just going to be quite brief.

8 This is such a vitally-needed and necessary
9 gathering of the participants in the telecommunications
10 industry.

11 Let me say that one of the things I think that
12 we need to make one of our priorities is this battle over
13 the e-rate. There are some friends of ours, some friends
14 of mine, including the Chairman or the ranking member on
15 the Committee on Commerce, who are hell-bent on
16 destroying the effort around the e-rate.

17 This is the battle that is going to define
18 Bill Kennard's tenure at the FCC.

19 The enemies of progress, the enemies of
20 democracy in the telecommunications field are going to
21 line up around the issue of the e-rate and try to destroy

1 that, and if they do destroy that, then they are going to
2 certainly handcuff the vision of Bill Kennard. And I,
3 for one, am willing and eager and ready to battle the
4 ranking Member Dingell and all the reactionaries on the
5 Commerce Committee and in the Congress around this battle
6 of the e-rate, around this battle to make sure, to make
7 sure that all of our schools and all of our libraries do
8 get wired for technology.

9 And I commit myself and my staff and others to
10 make sure that we repudiate the efforts of Dingell and
11 others, and make sure that we rally around our FCC
12 Chairman. He has a vision, he has the experience, he has
13 the energy, he is more than qualified for the fight, and
14 damn it, we are going to make sure that he is able to do
15 the job that we want him to do.

16 (Loud applause.)

17 REVEREND JACKSON: Let's hear it for
18 Congressman Conyers.

19 STATEMENT BY
20 CONGRESSMAN JOHN CONYERS

1 CONGRESSMAN CONYERS: Let us congratulate,
2 just as we started this out, the genius of Jesse Jackson,
3 always on the major cases for 30 years.

4 Number one, Reverend Jackson, we are going to
5 do this in Detroit. We have got to take this to all of
6 the byways that you have spoken about.

7 Number two: Now, while Kenneth Starr is doing
8 the most unscrupulous job on the President of the United
9 States, the President of the United States was the one
10 that appointed Chairman Kennard to this incredibly
11 powerful position.

12 What we need to understand is that tomorrow is
13 primary election day in the State of Illinois, and many
14 people that we are here talking about, working with us,
15 need to be reelected. And many of the people that are
16 our opponents needs to be challenged, and I can say that
17 because this is an integral part of what we are doing.

18 Now, there are two committees that have
19 control over this subject matter, and one is the
20 Congressional Committee, and my colleagues are on it.

1 The second is the Judiciary Committee. The
2 Judiciary Committee controls antitrust, and in the
3 telecommunications field up to two years ago the movement
4 was on to eliminate the antitrust feature that is handled
5 in the Department of Justice.

6 They said, "We don't need antitrust anymore."
7 And they said that to Reverend Jackson, in the face of
8 the largest wave of mergers, take-overs and
9 monopolizations of industry, it isn't just the
10 telecommunications in which this is happening, this is
11 happening across the board.

12 So, we have some very, very serious
13 challenges.

14 I am going to ask my staff, and I have got two
15 people here that have come to help us work with and learn
16 about this important gathering of all you folks, but
17 Congressman Lane Evans is an ally of Reverend Jackson.
18 He should be here because in the State of Illinois they
19 are planning to make him ex-Congressman on the first
20 Tuesday of November. And he is too modest to say that.
21 But I want you to know that there is a political

1 dimension to everything that we are talking about. This
2 is not being settled in boardrooms, it is going to be
3 settled in the legislature, and it is for that reason I
4 am honored to be here as one of the cohorts.

5 Thank you very much.

6 (Loud applause.)

7 REVEREND JACKSON: Congressman Engel. Let's
8 hear it for Congressman Engel.

9

10

11 STATEMENT BY

12 CONGRESSMAN ELIOT ENGEL

13 CONGRESSMAN ENGEL: Thank you, thank you very
14 much.

15 Reverend Jackson, it is really an honor to be
16 here, coming from a big city like New York. I feel right
17 at home in Chicago.

18 You may be number two, but you are certainly
19 number one right here this morning.

20 REVEREND JACKSON: And the Chicago Bulls.

1 CONGRESSMAN ENGEL: The Giants moved, so we
2 don't really consider them part of New York.

3 What we are doing here today and yesterday is
4 really just so important. I don't want to get political,
5 but since my colleague mentioned the politics, you cannot
6 divorce politics from what is going on in Washington.
7 And when some of my constituents or colleagues that I
8 work with back home mention things to me about what this
9 Congress and the previous Congress has done, I say, you
10 know, it is just unbelievable. We sit there and see it
11 unfold.

12 John Conyers is the ranking member on the
13 Judiciary Committee, and he gets up and defends a lot of
14 things that are so important, and attacks some of the
15 destructive programs.

16 And Bobby Rush and I both serve on the
17 Telecommunications Trade and Consumer Protection
18 Subcommittee of the Commerce Committee, and you watch
19 what our Republican colleagues do, and your mouth just
20 drops because you cannot believe the mean spiritedness

1 and the just total lack of consideration and concern that
2 they exhibit. It just is something to me to behold.

3 I often say, you know, if some of their
4 constituents could see what they were doing, surely they
5 would disapprove and wouldn't vote for these people. But
6 you know, we are in a system or at a time in our country
7 where I really think we are at a crossroads, and John is
8 so right when people are assailing the President of the
9 United States, don't think that this just happens.
10 People have an agenda. They want to break him down.
11 They don't like what he is doing.

12 When he appointed Chairman Kennard, they
13 didn't want that. They don't want to see that. When he
14 makes other appointments, and does other things, they
15 want to discredit him.

16 This is all part and parcel of a whole
17 movement, and we ought to remember that, and we ought to
18 say, you know, we really need to keep our eyes on the
19 prize.

20 And so, you talk about minority ownership of
21 radio and television stations, they have always been low.

1 It has been 3.1 percent. A paltry 3.1 percent, and it is
2 dropping since the passage of the Telecommunications Act,
3 down to 2.8 percent.

4 Is this the way we want to go into the future?
5 Is this the way we need to go? Of course not. But it is
6 happening. Nobody wants to talk about that. And black-
7 owned radio stations have had the biggest drops in
8 ownership.

9 Now, you look at the Telecommunications Act.
10 They told us it was a panacea. What has it done?

11 Rupert Murdoch is buying up more and more;
12 other people are buying up more and more. Forty percent
13 of the radio and TV stations in the United States have
14 changed hands over the last two years in deals totalling
15 \$46 billion. And many segments of the population,
16 particularly minorities, are left out of the process.

17 What does that say for the future of this
18 country?

19 The radio market became very concentrated.
20 Five major giants owning more than 100 stations each.
21 That is frightening. And this, of course, results in

1 greater control of licensing and advertising by these
2 giants.

3 Now, when minorities try to get involved in
4 the consolidation, they are squeezed out because tradi-
5 tionally there isn't the capital there to acquire the
6 stations. And if ownership rules are further loosened
7 up, this may make the situation even worse.

8 Now, there is a provision in the Telecom Act
9 that eliminated a tax break that helped minority
10 stations. Can you imagine that?

11 Now, previously, owners of stations received a
12 capital gains tax deferral if they sold stations to
13 minorities. We in Congress have sat there and heard our
14 Republican colleagues rant and rave about capital gains
15 cuts, they want cuts in capital gains. And some of us
16 are not so sure this is so terrific because if there are
17 cuts in capital gains, it is nice that it helps rich
18 people, but how does it really help working people? It
19 doesn't very often.

1 There was a provision in capital gains which
2 helped minority stations. And what did they do? They
3 eliminated that provision.

4 So, the Republicans have gotten rid of that
5 provision because they thought it smacked of affirmative
6 action.

7 Chairman Kennard talked about three
8 principles: Access, training, and ownership.

9 I have always supported affirmative action
10 because I believe if it helps people get into the flow,
11 it is not only good for those people, it is good for the
12 country. And how can we talk on the one hand -- (Loud
13 applause.) -- the people that complained and want to get
14 rid of affirmative action, and they want to get rid of
15 the programs, they think you ought to have it both ways.
16 But we shouldn't let them.

17 And when I say, "we," I mean people of good
18 will shouldn't let them. It doesn't matter if you are
19 black or white or Latino. If you are of good will and
20 you care about the future of this country, we shouldn't
21 let them denigrate affirmative action because you can't,

1 on the one hand say, you know, "We don't want to do
2 this;" and then on the other hand you block the things
3 that allow people to do things.

4 So you can't have it both ways. You can't say
5 you are not for affirmative action, and then you wring
6 your hands because you don't see people making progress.
7 The way to make progress is through affirmative action.

8 I am not afraid to say that, and I say that
9 wherever I go.

10 I just want to say two more things because I
11 know we have a lot of distinguished people.

12 There was a letter last year written by Ed
13 Markey to the FCC urging them to look at this problem
14 about eliminating this capital gains deferral if stations
15 are sold to minorities. And this week Bobby Rush
16 circulated a letter urging the FCC to resolve petitions
17 filed by several minority-owned broadcast stations
18 against the Home Shopping Network. I am very happy to
19 have co-signed both letters this year and last year.

20 And the last thing I want to mention is that
21 we need to look very carefully at the MCI and WorldCom

1 merger because we want to make sure that if they are
2 going to merge, that their workers are not forced out of
3 jobs, and that they open up access to jobs. And I know
4 at the RAINBOW/PUSH Coalition and labor groups, they have
5 worked very, very hard to insure this.

6 We don't want to increase consolidation, and
7 we are very worried, and I am very worried that WorldCom
8 particularly has no minority senior management, and there
9 are no plans to market to minority consumers.

10 Can you imagine going into the year 2000 --
11 This is a huge merger, and WorldCom has no minority
12 senior management -- zero. I think it is a national
13 disgrace: no plans to market to minority consumers.

14 So, what are they saying? What is the
15 arrogance here?

16 They are saying they want to make money. The
17 bottom line is the merger. The bottom line is the
18 corporate profits. But we are going to freeze out whole
19 segments of the American population.

1 That is a disgrace, that should not be
2 allowed. We ought to hold hearings in Congress, and we
3 ought to make sure that this doesn't go forward.

4 Thank you very much.

5 (Loud applause.)

6 REVEREND JACKSON: I am sensitive of our
7 Chief's schedule. He is caught between time schedules.

8 I want a few questions directed at Chairman
9 Kennard. I keep leaning on him to stay longer, and I
10 think he is getting caught up. He wants to stay and the
11 staff members are threatening him. I am trying to block
12 that a little bit, so you can't see that here.

13 Please hit this coin on the affirmative action
14 point that Engel made. The clearest preferential quota
15 affirmative action in America is supported by the
16 Congress. It is the preferential exclusive government
17 giveaway of radio stations to white males exclusively.
18 It iss preferential, it is a quota, and it is exclusive.

19 The government did the research for the radio
20 stations, and gave all the stations away. The government
21 did the research for the TV industry, and gave all the

1 channels away. And this has been a white male
2 preferential inclusive versus exclusive arrangement. And
3 so now the tax certificate was a conservative remedy, not
4 to have a give-in, but a buy-in for that which had been
5 given. That is really it.

6 The only part he brought up is -- that you
7 must not miss -- we are either going to have conservative
8 remedies of affirmative action to brown people, women,
9 people of color; or import labor.

10 So, in California you have this extreme:
11 Silicon Valley. The safety net is a \$400 million jail in
12 downtown Los Angeles that is half empty, waiting for some
13 school dropouts. And while the jails are a safety net,
14 they are now trying to raise quotas to import labor from
15 India, rather than training labor in South Central Los
16 Angeles. That is the logical conclusion of cutting off
17 the training process made by Chairman Kennard.

18 I want us to ask him a few questions now. We
19 are going to take this session here, we are going to
20 expand this much more. There is nothing more fundamental
21 in the Bible. In the beginning was the Word. Without

1 the Word there could be no world. We are being cut off
2 from the world, which means the whole world is cut off
3 from us. Where there is no Word, there is no world.
4 This is a very, very fundamental struggle for what we see
5 and what America will be.

6 A few questions maybe aimed at the Chairman.

7 Bill, we thank you so much for your presence
8 and your integrity. Give him a big hand.

9 (Loud applause.)

10 MR. BELL: I am Christopher Bell of Price
11 Waterhouse.

12 One of my clients is AT&T, and they have spun
13 off ten divisions in the last year. One of those
14 divisions was purchased by a minority group. One of the
15 things coming out of that deal is that WorldCom will
16 probably spin off MCI long distance to someone.

17 One of the things that we are looking at is to
18 say that minorities are interested in purchasing
19 divisions and becoming suppliers to these companies. A
20 lot of these, for example, are being purchased. A lot of
21 divisions are being spun off that can be purchased by

1 minorities. In 1995 a minority group bid \$300 million
2 for AT&T, and almost won.

3 That is the first question.

4 Number two is minorities spend about 30
5 percent more per month on telecommunications. What kind
6 of pressure can we put as consumers on these companies
7 saying, "Look, if you are not giving us business, if you
8 are not doing business with us, then we are going to
9 collectively take our dollars somewhere else."

10 CHAIRMAN KENNARD: Those are very good
11 questions. You are right. The consolidation does create
12 some opportunities, spin-off opportunities. In fact I
13 was talking to a couple of people just this morning who
14 have been approached by some large non-minority companies
15 to talk about some possibilities, and I want to do
16 everything I can to encourage those discussions and
17 create a regulatory climate that encourages them.

18 But at the same time I don't want us to get
19 caught up in the mindset that when there are huge mergers
20 going on, as long as a few crumbs are spun off to
21 minorities companies, then everything is fine. It is a

1 bigger problem than that, and one that we have to have a
2 bigger solution to than just, you know, a few crumbs here
3 and there.

4 Now, in your second point about consumers,
5 there is a provision in the Telecommunications Act which
6 expressly prohibits redlining by telecommunications
7 companies. Actually, there is a provision that has been
8 in the Act for sixty years that provides, that charges
9 the FCC for assuring that there is -- that the
10 telecommunications infrastructure serves all people
11 irrespective of race, religion and color. Not assuming
12 that the FCC has spent a lot of time focusing on this
13 past year, but that is a provision that, in my mind,
14 requires that all telecommunications companies insure
15 that communities, under-served communities, get service.

16 And that is one of the things that I want to
17 spend a lot of time talking about and focusing on, not
18 only in forums like this, but also with my colleagues at
19 the FCC.

20 MR. SLOAN: Maceo Sloan. Today I am wearing
21 my hat as Sloan Communications.

1 Let me ask you a question that falls in an
2 area that is near and dear to my heart, and that is the
3 area of capital, financial. There are a number of
4 programs that have been put in place at the FCC that have
5 enabled minorities to be able to step in and acquire some
6 of the frequencies in the PCS auctions, and I assume that
7 type of thing will continue to some extent as you auction
8 off other types of spectrums.

9 What are the possibilities of the FCC being
10 able to put together a program like the one Reverend
11 Jackson was talking about: That was put together for
12 Poland and for Hungary?

13 If you go back in history, those types of
14 programs have been put together for Japan, Germany, for a
15 number of places overseas where you have large amounts of
16 long-term capital, extraordinarily low interest rates,
17 where no payments are required for the first ten years,
18 which gives you a chance to build something, being put
19 together.

20 Because right now all the programs that I have
21 seen, including the ones we are utilizing, allow you to

1 acquire frequencies, but there are no programs that allow
2 you to raise the additional capital that is necessary to
3 build the systems in such a way that you can maintain and
4 keep control of your systems.

5 So, the programs that are in place now allow a
6 number of minorities to step to the plate to begin to eat
7 at the table, but it doesn't allow any of us to stay,
8 because in this day and age of telecommunications, to
9 build a meaningful telecommunications network, you are
10 talking about billions of dollars, you are not talking
11 about \$100 million or \$50 million, you are talking
12 billions of dollars, and there is nothing in place that
13 allows minorities to raise a billion dollars in such a
14 way that they don't eventually lose control of these
15 properties.

16 So, rather than just circulating some cash
17 back into the minority community, what kind of programs
18 can we put together that will allow minorities to get
19 these properties, and hold these properties, rather than
20 just revolve them back into the majority community?

1 CHAIRMAN KENNARD: That is a good point,
2 Maceo.

3 The FCC is working with the private sector now
4 to implement telecommunications development funds that
5 Tom Hart, who is here, was really instrumental in getting
6 that legislation in the 1996 Telecommunications Act to
7 create the fund, to make some equity money available to
8 small businesses; and Congressman Rush, and Ed Towns, and
9 others, John Conyers, were supportive of that effort.

10 It is not a lot of money. It is like \$21
11 million right now. But it is a start. And what we are
12 hoping to do, Tom is Vice Chair. I am a member of the
13 Board of Directors. What we are hoping to do is create a
14 fund that will serve as a template for other funds, and
15 to attract capital from businesses that not only see this
16 as a way of creating opportunity, but also as a good
17 business opportunity.

18 Where we may differ slightly on this, Maceo,
19 is that I believe that the role of government is to give
20 people a start, but not to guarantee their success in the
21 marketplace. So, I don't think that is the appropriate

1 role for government. We have to be there to give people
2 a hand up, not a hand out, and to assist them to get a
3 foothold in the marketplace. Long term, I don't think is
4 necessarily the answer from the government's point of
5 view.

6 MR. SLOAN: The reason I asked that, Mr.
7 Chairman, I agree that the role of government is to give
8 people a hand up, but it just seems to me that when the
9 U.S. government -- and we are dealing with the minority
10 community -- that ends up as a tiny hand up. There is no
11 way -- if you gave somebody \$21 million -- Intel just
12 bought 360 Communications, it is in the paper this
13 morning, for \$4 billion. Well, if you are going to play
14 in telecommunications, you can't be a bit player. It
15 takes big bucks.

16 All I am asking is what are the chances of the
17 U.S. government, the FCC getting behind it, doing the
18 same thing for black America that they did for Polish
19 people, and for Hungarians, and for Russians?

20 REVEREND JACKSON: Can I make a point where we
21 might can fit into where the Chairman is?